

Appendix 4D

CathRx Limited
Half Year Ended 31 December 2007
ABN : 23 089 310 421

Results for announcement to the market

Operating Results				\$
Revenue from operations	Up	1.4%	to	552,419
Loss after income tax	Up	53.2%	to	4,414,105
Net loss attributable to members of CathRx	Up	53.2%	to	4,414,105
Dividends and Distributions				
No dividends were paid or proposed during, or with respect to, the Half Year.				
Other Disclosures				\$
Net tangible assets per share as at 31 Dec 2007	Up	113.3%	to	0.64
Net tangible assets per share as at 31 Dec 2006				0.30

For further information please refer to the attached Half Year Financial Report for the period ended 31 December 2007.



CATHRX LTD

ACN 089 310 421

Half-Year Financial Report 31 December 2007

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Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Your directors submit their report for the half-year ended 31 December 2007 for CathRx Ltd ('CathRx').

Directors

The names of the CathRx's directors in office during the half-year ended 31 December 2007 and until the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

Denis Hanley (Chairman)
Neil Anderson (Chief Executive Officer)
Andrew Denver
Carrie Hillyard
Jane Wilson

Review and Results of Operations

CathRx's loss for the half-year ended 31 December 2007 was \$4,414,105 million as compared to a loss of \$2,880,412 million for the corresponding half-year period ended 31 December 2006.

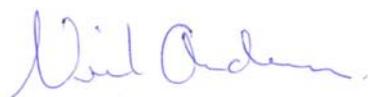
Key milestones during the half year

- CE marking was received for the deflectable diagnostic catheter range.
- Change note submissions were made for the electrode sheaths which have increased radio-opacity of the electrodes and a new formable stylet which will allow the clinician to tailor the stylet to a specific patient's needs.
- CathRx raised \$26.8 million via a two for five renounceable rights issue.
- The company has entered into a new license agreement for the lease of its new premises at Homebush.

Auditor Independence Declaration

The Company has received an independence declaration from our auditors Ernst & Young. A copy of this declaration can be found on page 4 of this financial report.

Signed in accordance with a resolution of the directors of CathRx Ltd.



Neil Anderson
Director

Sydney, 20 February 2008

Auditor's Independence Declaration to the Directors of CathRx Ltd

In relation to our review of the financial report of CathRx Ltd for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gamini Martinus

Gamini Martinus
Partner
Sydney
20 February 2008

Condensed Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<i>Notes</i>	<i>Half year ended 31 Dec 2007</i>	<i>Half year ended 31 Dec 2006</i>
		\$	\$
Revenue and Other Income	4	552,419	544,774
Expenses:			
Research and development		(3,344,267)	(2,263,160)
General administration		(1,622,257)	(1,162,026)
Loss before income tax		(4,414,105)	(2,880,412)
Income tax expense		-	-
Loss after income tax		(4,414,105)	(2,880,412)
Net loss for the period		(4,414,105)	(2,880,412)
Earnings per share (cents per share)			
- Basic for loss for the half-year		(11.4)	(9.5)
- Diluted for loss for the half-year		(11.4)	(9.5)
- Dividends paid per share (cents per share)		-	-

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

AS AT 31 DECEMBER 2007

	<i>Notes</i>	<i>As at 31 Dec 2007 \$</i>	<i>As at 30 Jun 2007 \$</i>
ASSETS			
Current Assets			
Cash and cash equivalents	5	25,005,022	4,226,203
Trade and other receivables		169,090	92,015
Inventories		178,315	222,776
Other		350,192	154,883
Total Current Assets		<u>25,702,619</u>	<u>4,695,877</u>
Non-current Assets			
Property, plant and equipment		2,270,109	2,327,704
Intangibles and capitalised software		796,020	7,694
Other		25,282	25,282
Total Non-current Assets		<u>3,091,411</u>	<u>2,360,680</u>
TOTAL ASSETS		<u><u>28,794,030</u></u>	<u><u>7,056,557</u></u>
LIABILITIES			
Current Liabilities			
Trade and other payables		973,575	561,642
Total Current Liabilities		<u>973,575</u>	<u>561,642</u>
TOTAL LIABILITIES		<u><u>973,575</u></u>	<u><u>561,642</u></u>
NET ASSETS		<u><u>27,820,455</u></u>	<u><u>6,494,915</u></u>
EQUITY			
Contributed equity	8	41,657,522	16,318,479
Other reserves	8	1,210,824	810,222
Accumulated losses		<u>(15,047,891)</u>	<u>(10,633,786)</u>
TOTAL EQUITY		<u><u>27,820,455</u></u>	<u><u>6,494,915</u></u>

The above balance sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<i>Notes</i>	<i>Half year ended</i> <i>31 Dec 2007</i>	<i>Half year ended</i> <i>31 Dec 2006</i>
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(4,066,607)	(2,655,811)
Receipt of government grants		12,000	279,525
Interest received		479,745	295,934
Net cash flows used in operating activities		<u>(3,574,862)</u>	<u>(2,080,352)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(535,362)	(813,953)
Purchase of intangibles		(450,000)	-
Net cash flows used in investing activities		<u>(985,362)</u>	<u>(813,953)</u>
Cash flows from financing activities			
Proceeds from issue of shares as a result of rights issue		26,779,344	-
Proceeds from issue of shares as a result of options		7,499	50,000
Cost of share issue		(1,447,800)	-
Net cash flows from financing activities		<u>25,399,043</u>	<u>50,000</u>
Net increase/(decrease) in cash and cash equivalents		20,778,819	(2,844,305)
Cash and cash equivalents at beginning of period		4,226,203	10,447,145
Cash and cash equivalents at end of period	5	<u><u>25,005,022</u></u>	<u><u>7,602,840</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<i>Ordinary Shares</i> \$	<i>Accumulated Losses</i> \$	<i>Other Reserves</i> \$	<i>Total</i> \$
At 1 July 2006	16,216,321	(4,817,226)	557,281	11,956,376
Loss for the period	-	(2,880,412)	-	(2,880,412)
Total loss for the period	-	(2,880,412)	-	(2,880,412)
Equity transactions:				
Issue of shares	50,000	-	-	50,000
Cost of share-based payment	-	-	162,936	162,936
At 31 December 2006	16,266,321	(7,697,638)	720,217	9,288,900
At 1 July 2007	16,318,479	(10,633,786)	810,222	6,494,915
Loss for the period	-	(4,414,105)	-	(4,414,105)
Total loss for the period	-	(4,414,105)	-	(4,414,105)
Equity transactions:				
Cost of share-based payment	-	-	400,602	400,602
Cost of renounceable rights issue	(1,447,800)	-	-	(1,447,800)
Issue of shares	26,779,344	-	-	26,779,344
Issue of shares as a result of exercise of options	7,499	-	-	7,499
At 31 December 2007	41,657,522	(15,047,891)	1,210,824	27,820,455

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1 CORPORATE INFORMATION

The financial report of CathRx Limited (the Company) for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 20 February 2008. CathRx Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of CathRx Ltd as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by CathRx Ltd during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

(a) Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half-year financial report is presented in Australian dollars and has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

New/revised standards and interpretations applicable for the years commencing 1 July 2007 have been reviewed and it was determined that changes were not required to the existing accounting policies adopted by CathRx. The major new standards are AASB7 and AASB2007-4 which will impact on the year end disclosures in the financial statements. Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but not yet effective and have not been adopted by CathRx for the interim reporting period. The directors' have not yet assessed the impact of these new or amended standards (to the extent relevant to CathRx) and interpretations.

3 SEGMENT INFORMATION

Business segments

CathRx Ltd operates in predominately one segment being the development and commercialisation of cardiac electrophysiology catheters for the treatment of heart disease. Currently, CathRx Ltd operates in only one geographical region, being Australia.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<i>Half year ended 31 Dec 2007</i>	<i>Half year ended 31 Dec 2006</i>
	\$	\$
4 REVENUE, INCOME AND EXPENSES		
Revenue, Income and Expenses		
(i) Revenue		
Finance revenue	540,419	265,249
	<u>540,419</u>	<u>265,249</u>
(ii) Other income		
Government grants revenue	12,000	279,525
	<u>552,419</u>	<u>544,774</u>
(iii) Expenses		
Amortisation	6,781	-
Depreciation	379,541	211,562
Employee benefits	2,247,677	1,295,177
Expense of share-based payments	400,602	162,936

5 CASH AND CASH EQUIVALENTS

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	<i>As at 31 Dec 2007</i>	<i>As at 30 Jun 2007</i>
	\$	\$
Cash at bank and in hand	359,266	156,237
Short-term deposits	24,645,756	4,069,966
	<u>25,005,022</u>	<u>4,226,203</u>

6 DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the half year.

7 SHARE BASED PAYMENT PLANS / TRANSACTIONS

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in share options issued during the half-year:

	Half-year to Dec 2007 No.	Half-year to Dec 2007 WAEP (\$)	Year to Jun 2007 No.	Year to Jun 2007 WAEP (\$)
Outstanding at the beginning of the year	2,335,363	1.03	2,612,236	1.01
Options granted during the year	634,272	2.33	97,500	1.79
Options exercised during the half year	(7,499)	(1.00)	(343,539)	(0.30)
Options lapsed during the half year	(13,125)	(2.39)	(30,834)	(1.15)
Outstanding at the end of the year	2,949,011	1.51	2,335,363	1.03

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

7 SHARE BASED PAYMENT PLANS / TRANSACTIONS (continued)

The following table lists the inputs to the model used for the half year ended 31 December 2007

Dividend yield (%)	0.00
Expected volatility (%)	44.00
Risk-free interest rate (%)	5.86 - 6.16
Expected life of option (years)	5.5 - 6.5
Option exercise price (\$)	2.24 - 2.74
Share price at grant date (\$)	2.25 - 2.75

8 CONTRIBUTED EQUITY

	<i>As at</i> 31 Dec 2007	<i>As at</i> 30 Jun 2007
	\$	\$
Ordinary shares	41,657,522	16,318,479
Other reserves	1,210,824	810,222
	<u>42,868,346</u>	<u>17,128,701</u>
<i>Movements in ordinary shares</i>	\$	
At 1 July 2007	16,318,479	
Shares issued as a result of share capital raising	26,779,344	
Cost of capital raising	(1,447,800)	
Shares issued as a result of options exercised	7,499	
At 31 December 2007	<u>41,657,522</u>	
<i>Movements in other reserves</i>	\$	
At 1 July 2007	810,222	
Cost of share based payment	400,602	
At 31 December 2007	<u>1,210,824</u>	
<i>Movements in ordinary shares on issue</i>	No.	
At 1 July 2007	30,423,539	
Shares issued as a result of share capital raising	12,172,429	
Shares issued as a result of options exercised	7,499	
At 31 December 2007	<u>42,603,467</u>	

9 COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, the Company has entered into a new license agreement for the lease of its new premises at Homebush. This is an initial ten year lease totaling \$5.3m.

There are no further capital commitments.

10 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events since the balance sheet date.

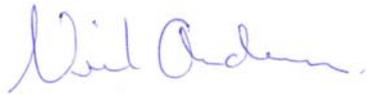
Directors' Declaration

In accordance with a resolution of the directors of CathRx Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the entity are in accordance with the *Corporations Act 2001*, including:
 - (i) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Neil Anderson
Director

Sydney, 20 February 2008

To the members of CathRx Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying the half-year financial report of CathRx Ltd, which comprises the balance sheet as at 31 December 2007, and the condensed income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of CathRx Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

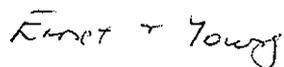
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included on page 4.

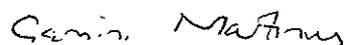
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of CathRx Ltd is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Gamini Martinus
Partner
Sydney
20 February 2008